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ACTION PM-05

INFO OCT-01 AF-12 NEA-13 L-04 DODE-00 CIAE-00 NSAE-00 H-02
SS-20 RSR-01 RSC-01 /059 W

P 231000Z MAR 70

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC PRIORITY 613

INFO AMEMBASSY ADDIS ABABA PRIORITY

AMCONSUL ASMARA

CINCSRIKE

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SECRET SECTION 1 OF 2 TEHRAN 1052

PASS DOD

FOR PM RE PINCUS-PAUL TRIP

25X1A

SUBSTANTIVE DISCUSSIONS WITH PINCUS-PAUL TOOK PLACE IN SIX MEETINGS: WITH AMBASSADOR, [REDACTED] ARMISH/MAAG, AND CHIEF GENMISH ON MARCH 21; AGAIN WITH CHIEF ARMISH/MAAG (ACCOMPANIED BY CHIEF ARMY SECTION GENERAL MATAXIS AND EMBASSY REPS), AND LATER WITH AMBASSADOR ON MARCH 22.

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MEETING WITH AMBASSADOR

1. AMB DESCRIBED NATURE OF US INTERESTS IN IRAN (FAVORABLE TRADE BALANCE FOR US OF OVER \$200 MILLION; ONLY AIR CORRIDOR FROM EUROPE TO ASIA; SITE OF SPECIAL US FACILITIES WHICH CANNOT BE DUPLICATED ELSEWHERE); AND IN PERSIAN GULF (VITAL SOURCE OF OIL TO NATO ALLIES AND JAPAN, SITE OF SOME \$3.5 BILLION US INVESTMENTS, AND SOURCE OF NET BENEFIT TO US BALANCE OF PAYMENTS OF ALMOST \$2 BILLION PER YEAR, WHICH LIKELY INCREASE). AWARE UK WITHDRAWAL WILL LEAVE VACUUM WHICH RADICAL AND UNFRIENDLY ARAB REGIMES ANXIOUS FILL, IRAN RECOGNIZES IT FUTILE HOPE FOR USG GUARANTEE RE GULF AS WELL UNDESIRABLE FOR BIG POWERS TO DIRECTLY INTER- VENE IN GULF AS THIS COULD MAKE IT ANOTHER EAST-WEST COCKPIT. IRAN THUS LOOKING FORWARD TO COOPERATIVE ARRANGEMENTS AMONG MODERATE GULF STATES, WHILE SIMULTANEOUSLY BUILDING UP MILITARY

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STRENGTH AS ONLY COUNTRY IN AREA WHICH CAN PROVIDE NEEDED MUSCLE
IN SUPPORT OF GULF SECURITY.

2. AFTER NOTING BARRIERS TO IRAN-ARAB COOPERATION, AMBASSADOR DESCRIBED SHAH'S STATESMANLIKE POSITION ON BAHRAIN AND EFFORTS DEAL WITH GULF SHEIKDOMS ON BASIS OF EQUALITY. STRESSED US, WHILE DISCREETLY ENCOURAGING IDEA OF COOPERATIVE ARRANGEMENT AMONG GULF STATES AND IRAN, HAS CONSCIOUSLY REFRAINED FROM GIVING PUBLIC SUPPORT LEST WE GIVE CONCEPT KISS OF DEATH.

3. WITH END OF AID IN 1967 AND VIRTUAL END OF MILITARY MATERIEL GRANT AID, PROVISION BY US OF MILITARY ADVICE, TRAINING, AND SALES OF SOPHISTICATED EQUIPMENT HAS BECOME KEY ELEMENT IN US-IRAN RELATIONS. IRAN NOW IN POSITION TO PAY AS IT GOES TOWARD FURTHER MILITARY MODERNIZATION AND BUILD-UP. SHAH HAS HEALTHY APPETITE WHICH OUR CLOSE RELATIONSHIP HAS ENABLED US TO MODERATE ON IMPORTANT OCCASIONS. IMPORTANCE IRAN ATTACHES TO US MILITARY CREDITS HAS GROWN AS IRAN'S FINANCIAL RESOURCES HAVE COME UNDER MULTIPLE PRESSURES, I.E., OVERRUNS ON MAJOR DEVELOPMENT PROJECTS; ACCELERATION IN MILITARY BUILD-UP IN WAKE SUDDEN UK DECISION TO LEAVE GULF; AND SHAH'S INSISTENCE ON CONTINUING ECONOMIC AND SOCIAL REFORM AT SAME TIME AS MILITARY AND SECURITY BUILD-UP.

(#)

HISTORY OF IRAN-SOVIET RELATIONS; CONCLUDED
THAT, WHILE RELATIONS GOOD ON SURFACE, IRANIANS NOT BELIEVE SOVIETS HAVE GIVEN UP TRADITIONAL GOAL OF ACCESS TO GULF. IRANIANS DO NOT EXPECT DIRECT SOVIET AGGRESSION UNLESS IN CONTEXT OF MUCH WIDER WAR, IN WHICH CASE THEY BELIEVE US WOULD INEVITABLY BECOME INVOLVED. SHAH, HOWEVER, IS GENUINELY CONCERNED RE THREAT TO GULF FROM RADICAL ARABS, BACKED BY SOVIETS. SHAH HAS STRESSED FOR SOME TIME THAT DAY IS LONG GONE WHEN GREAT POWERS SHOULD BE INVOLVED IN REGIONAL CONFLICTS. HE BELIEVES IRAN MUST BE ABLE MEET SUCH THREAT ITSELF AND IS WILLING PAY WAY IN DOING SO.

5. WHEN PAUL ASKED ABOUT BILATERAL CONTINGENCY PLANNING, AMBASSADOR REPLIED THERE HAS BEEN NONE. WHEN PINCUS SAID HE RECALLED SEEING DOD DOCUMENT FROM ABOUT 1965 RE BILATERAL PLANNING,

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AMBASSADOR AGAIN GAVE ASSURANCE THERE HAD BEEN NO SUCH BILATERAL
PLANNING. THAT DOCUMENT PINCUS RECALLED COULD HAVE BEEN SOME TYPE
OF US UNILATERAL ESTIMATE OR PLANNING EXERCISE BUT THAT ONLY
WASHINGTON WOULD KNOW ABOUT THAT. PAUL ALSO ASKED ABOUT CENTO
CONTINGENCY PLANNING; GENERAL TWITCHELL SAID ARMISH/MAAG IS NOT
INVOLVED IN SUCH PLANNING.

6. REPLIES TO OTHER PINCUS-PAUL QUESTIONS AS FOLLOWS:

(A) UK DID NOTIFY US OF GULF WITHDRAWAL DECISION; US
UNSUCCESSFULLY SOUGHT DISSUADE THEM; REVERSAL OF DECISION SEEMS
VERY UNLIKELY.

(B) IRAN HAS RESERVED POSITION RE GULF FEDERATION
PENDING SETTLEMENT OF BAHRAIN ISSUE; US HAS SUPPORTED UK
EFFORTS FORM FEDERATION QUIETLY AND FROM SIDELINES;

(C) NEITHER JAPAN NOR WESTERN EUROPE, THOUGH AWARE
GULF'S IMPORTANCE TO THEM, APPEAR READY PLAY POLITICAL-SECURITY
ROLE IN GULF AREA;

(D) IRAN'S INTEREST IN GULF ISLANDS (TUNBS AND ABU MUSA)
IS BASICALLY TO PREVENT THEIR FALLING INTO HOSTILE HANDS WHERE
THEY COULD BE USED TO INTERDICT MOUTH OF GULF;

(E) IRANIAN CONCERN RE GROWTH OF IRAQI FORCES AND EQUIPMENT
DUE PARTLY TO FEAR OF IRRATIONAL ACTS BY IRAQI REGIME AND
GROWTH OF SOVIET PRESENCE THERE BUT ALSO TO FEAR OF IRAQI PLANS
FOR SUBVERSION IN GULF. OBJECT OF SHAH'S MILITARY BUILD-UP IS NOT
TO FIGHT WITH IRAQIS, BUT DETER THEM AND OTHER RADICAL ARAB REGIMES
FROM GULF ADVENTURES (AMBASSADOR MENTIONED IRAN DISTURBED BY PRSY
ATTACK ON RMUDI ARABIA LAST DECEMBER AND BY REPORTS OF OTHER SUB-
VERSIVE EFFORTS EMANATING FROM BOTH PRSY AND IRAQ.) GP-3.
MACARTHUR

NOTE: (#)OMISSION. CORRECTION TO FOLLOW.

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CA 3, CA/N, [] FI, GER 2, OCI/ME 4, OCI/SON 3, NE 4, 33

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CINCSTRIKE

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PASS DOD

FOR PM RE PINCUS-PAUL TRIP

(F) PRESENCE IN GULF OF COMIDEASTFOR HAS BEEN USEFUL;
RETENTION FOR SOME TIME PROBABLY DESIRABLE AS INDICATION TO GULF
STATES THEY NOT BEING ABANDONED; EFFORTS TO ESTABLISH
COMIDEASTFOR FUTURE, HOWEVER, NOT USEFUL UNTIL FUTURE OF
BAHRAIN SETTLED.

MEETING WITH CHIEF, ARMISH/MAAG

1. STRENGTH AND ORGANIZATION OF ARMISH/MAAG, PLUS LOCATION
ADVISORY ELEMENTS, DISCUSSED. IN RESPONSE QUERY, CHIEF
INDICATED IT REALISTIC, IN VIEW CURRENT TREND, ANTICIPATE
FURTHER CUTS IN ARMISH/MAAG STRENGTH. END OF MAP GR ANT
EQUIPMENT AID IN FY 1969 (WITH SOME DELIVERIES DUE FY 1970
AND 1971) DISCUSSED, ALONG WITH REMAINING MAP TRAINING PROGRAM
AND ADVERSE IMPACT THEREON OF FULBRIGHT AMENDMENT TO FOREIGN
ASSISTANCE ACT. DISCUSSION OF FMS CREDIT AND CASH SALES
COVERED MAJOR ACQUISITIONS BY GOI PLUS MAJOR ITEMS GOI CON-
TEMPLATES FOR FUTURE (24 C-130S AND 64 F-4S). IT WAS STRESSED
FUTURE ACQUISITIONS DEPENDENT UPON AVAILABILITY OF CREDIT.

2. ASKED IF IRANIANS ALLOCATE CREDIT RESOURCES WISELY, CHIEF
NOTED GOI PROGRAMS SUBJECT TO CONTINUING CONSULTATIONS WITH

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ARMISH/MAAG, AND THAT PROGRAMS IN GENERAL, WHEN FINALLY AGREED
UPON, ARE CONSIDERED PRACTICAL AND WITHIN GOI CAPABILITIES.
SAID HE EXPECTS THIS TO BE TRUE ALSO IN FUTURE.

3. ASKED ABOUT IRANIAN MILITARY EXERCISES AND US ROLE
THEREIN, CHIEF REPLIED SUCH EXERCISES FEW (ONLY ONE MAJOR
EXERCISE IN LAST EIGHTEEN MONTHS) AND THAT US ADVISERS,
SERVING IN OBSERVER CAPACITY, PROVIDE ADVICE ONLY ON MECHANICS
OF EXERCISE, NOT ON STRATEGY. CHIEF DESCRIBED "EXERCISE
DELAWARE" FEW YEARS BACK AS JOINT EXERCISE TO TEST AND
DEMONSTRATE US ABILITY DEPLOY QUICKLY.

4. RE SIZE AND GROWTH TRENDS OF IRANIAN FORCES, CHIEF GAVE
CURRENT AND PROJECTED STRENGTH DATA OF THREE SERVICES, AND WE
SAID THERE NO SIGNS OF GOI HAVING HAD TO CUT BACK IN FOURTH
PLAN ECONOMIC DEVELOPMENT GOALS TO MEET STEPPED-UP SECURITY
REQUIREMENTS.

MEETING WITH CHIEF, GENMISH

1. PINCUS-PAUL MOST INTERESTED IN FINDING OUT TO WHAT EXTENT
US PERSONNEL EXPOSED TO SITUATIONS WHICH MIGHT LEAD TO INTER-
NATIONAL INCIDENTS, E.G. AT WHAT LEVEL DO US ADVISORS WORK,
HAVE THEY EVER BEEN SHOT AT, DO THEY PARTICIPATE IN OR PLAN
GENDARMERIE OPERATIONS? THEY WERE TOLD US ADVISORS WORK AT
ALL LEVELS, INCLUDING POST LEVEL; NONE HAVE EVER BEEN FIRED
ON; US PERSONNEL SOMETIMES DISCOURAGED BY IRANIANS FROM GOING
INTO CERTAIN AREAS BECAUSE OF CONCERN FOR THEIR SAFETY. THEY
WERE ASSURED US ADVISORS DO NOT PLAN OR PARTICIPATE IN OPERA-
TIONS, BUT GIVE ADVICE ON TRAINING AND TECHNICAL MATTERS.

MEETING WITH CHIEF, ARMISH/MAAG AND ARMY SECTION CHIEF (MATAXIS)

1. THIS MEETING HELD AT PINCUS-PAUL REQUEST TO DISCUSS IRANIAN
SPECIAL FORCES AND AIRBORNE BRIGADE. MISSION, ORGANIZATION, AND
STRENGTH OF EACH DISCUSSED. IN REPLY QUERY WHETHER THESE UNITS
FORMED WITH GULF AREA OPERATIONS IN MIND, THEY WERE TOLD UNITS
FORMED FOR DEFENSE OF IRAN BUT, BEING HIGHLY MOBILE, THEY COULD
BE EMPLOYED ELSEWHERE. IT WAS STRESSED ARMISH/MAAG IS NOT INVOLVED
IN, AND IS NOT MADE PRIVY TO, IRANIAN OPERATIONAL PLANNING FOR USE
OF SPECIAL FORCES AND AIRBORNE BRIGADE.

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2. WHEN PINCUS-PAUL AGAIN ASKED ABOUT BACKGROUND OF 1962 MEMORANDUM OF UNDERSTANDING, CHIEF EXPLAINED AGREEMENT INTENDED TO OUTLINE PLANS FOR MODERNIZATION OF IRANIAN FORCES AND MANNER IN WHICH US COULD HELP IN THIS EFFORT. IT ENTAILED NO US POLITICAL OR SECURITY COMMITMENT.

FINAL MEETING WITH AMBASSADOR

LATTER AGAIN MADE POINT OUR POSITION AS PRIMARY SOURCE OF MILITARY ADVICE, TRAINING AND EQUIPMENT HAS ENABLED US EXERCISE CONSIDERABLE INFLUENCE IN GETTING GOI THINK REALISTICALLY ABOUT EQUIPMENT NEEDS. THIS HAS BEEN VALUABLE BY-PRODUCT OF OUR MILITARY TIES WITH IRAN, ESPECIALLY IN PERIOD WHEN, GIVEN ANXIETY ABOUT SOVIET DELIVERIES TO IRAQ AND UNCERTAINTY RE FUTURE OF GULF, IT HAS BEEN NATURAL FOR IRANIAN APPETITE TO EXCEED SOMETIMES IRANIAN FINANCIAL AND TECHNICAL CAPABILITIES.

MATERIAL GIVEN PINCUS-PAUL

PINCUS -PAUL ASKED SEVERAL TIMES ABOUT NATURE OF "COMMITMENT" TO FURNISH \$100 MILLION PER YEAR IN FMS CREDIT FOR FIVE YEARS. ACCORDINGLY, WE SHOWED THEM FOLLOWING DOCUMENTS AND AGREED SEND THEM COPIES:

1. MEMORANDA OF UNDERSTANDING OF 1962 (SEPT 19), 1964 (JULY 4), AND 1966 (AUG 9);
2. DEPTTEL 166827 OF MAY 19, 1968 WHICH, FOLLOWING CONGRESSIONAL CONSULTATIONS, AUTHORIZED AMBASSADOR INFORM SHAH OF (A) US OFFER OF CREDIT SALES PROGRAM BETWEEN \$75 AND \$100 MILLION FOR FY 1968; AND (B) USG INTENTION SEEK CONGRESSIONAL AUTHORIZATION AND APPROPRIATION FOR CREDIT SALES OVER FIVE-YEAR PERIOD;
3. PAPER GIVEN TO SHAH BY AMBASSADOR MEYER ON MAY 20, 1968 (BASED ON DEPTTEL CITED PARA 2 ABOVE);
4. MEMORANDUM OF DISCUSSION BETWEEN SAMII AND HENRY J. KUSS DATED JUNE 12, 1968; AND
5. BRIEF FACT SHEET, PREPARED BY ARMISH/MAAG AT PINCUS-PAUL REQUEST, SHOWING MAP TRAINING REDUCTIONS.

RE MEMORANDA OF UNDERSTANDING, IT WAS STRESSED ALL MADE EXPLICITLY CLEAR US AGREEMENT TO GRANT AID OR CREDIT SALES WAS SUBJECT TO RECEIVING CONGRESSIONAL AUTHORIZATION AND APPROPRIATIONS, AND THAT NONE INVOLVED ANY POLITICAL COMMITMENT TO

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IRAN.

WE ARE POUCHING TO IRN/MIKLOS COPIES OF BRIEFING MATERIAL
GIVEN PINCUS-PAUL FOR RETENTION, PLUS COPIES OF
NOS. 3 AND 5 ABOVE. GP-3.
MACARTHUR

SECRET